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# U.S. Officials Backed Off Tsakos Plan

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When Sen. Mark O. Hatfield (R-Ore.) agreed to help Greek financier Basil A. Tsakos with plans to build a trans-African oil pipeline, he joined a long list of former government officials and corporate executives who were involved in the \$12 billion project.

Among those who were associated with Tsakos' pipeline venture were former Navy secretary J. William Middendorf, former Arms Control and Disarmament Agency di-

rector George M. Seignious III, former Republican National Committee member Carl J. Shipley, former intelligence agent Joseph Rosenbaum, former Navy deputy undersecretary Robert Ferneau and former assistant secretary of State Willis Armstrong, as well as senior executives from Rockwell International and Morrison-Knudson Co.

All of them left the venture, however, at least in part because of questions raised about Tsakos' financing sources and business methods. Some of those questions are now at the heart of investigations by the Justice Department and Senate Ethics Committee into the Oregon senator's relationship with Tsakos.

Tsakos, 70, an excitable man with thick glasses who carries his files around in a suitcase secured with a padlocked chain, was confident that he could sell the plan when he opened an office at the Watergate Hotel three years ago. The 2,200-mile pipeline, he told visitors, would carry 4 million barrels a day

of Saudi Arabian oil to the United States and Europe, cut costs and travel time, create jobs in Africa and bypass the tense shipping routes of the Persian Gulf.

But to make his ambitious plan fly, Tsakos had to have support inside the Reagan administration. In classic Washington fashion, he assembled a group of prominent Republicans who might open the right doors.

His associates met with CIA Director William J. Casey, who, according to a spokesman, was interested in the national security implications of the project. Seignious and Armstrong, two officials from the Nixon and Ford administrations, briefed Assistant Secretary of State Chester Crocker on the idea. Hatfield, meanwhile, discussed the plan with Defense Secretary Caspar W. Weinberger and arranged for Tsakos to sit down with Energy Secretary Donald P. Hodel.

While the pipeline does not need formal government approval, Hatfield and other supporters say the African nations along the route—Sudan, the Central African Republic and Cameroon—were seeking assurances that U.S. authorities would not oppose it.

Former associates also say it was clear that Tsakos eventually would need government financial help, perhaps through the Export-Import Bank, and that U.S. diplomats would have a role in negotiations with Africa.

"Our government agencies were interested in this project and they were willing to lend their help to it," said Shipley, a Washington lawyer who resigned as president of Tsakos' Trans-African Pipeline Corp. "I was just a hired gun . . . to lend an aura of Americanism to it. If it succeeded, I would have received substantial fees."

Once he and the others pulled out, Shipley said, "It was absurd, childish and infantile to think that [Tsakos] could walk this project through the government."

By early this year, all the firm's original American directors had resigned. "These guys all dove for cover," said William Hundley, Ro-

senbaum's attorney. They all bailed out."

Hatfield has remained the most prominent supporter. Hatfield and Tsakos have maintained that there was no connection between the senator's support for the pipeline project and \$40,000 in payments from Tsakos to Hatfield's wife, Antoinette, for what both men describe as real estate services.

To get started, Tsakos paid \$250,000 to Rosenbaum, a friend of Casey, and sought financing from Financial General Bankshares, which Shipley represented.

Consultant Keith Norman, Tsakos' former project director, said a key element with Sudan fell into place last December, when Hatfield sent Tsakos a letter supporting the project. Hatfield also discussed it with Sudanese President Jaafar Nimeri and hosted a dinner for Sudan's energy minister.

"That letter, and the meeting with Nimeri, was the first initiative of a senior member of the U.S. political establishment pleading on behalf of the project," Norman said. "You can imagine the significance of that."

Sudanese Ambassador Omar Eissa said his country studied two years before signing a right-of-way agreement. "We're concerned about creating a lot of commercial activity for Africa," he said. "We're not interested in who's behind the project. The merits of the project can speak for themselves."

Tsakos charged in two lawsuits that Rosenbaum and others tried to defraud him and steal his plan by secretly forming a rival firm with a similar name. One suit was dropped and the other settled.

"We denied every one of his cockamamie allegations," Hundley said. Hundley and Shipley said Tsakos knew that the men were setting up the second firm under an agreement that the venture had to be controlled by Americans. They said they also were troubled by allegations that Tsakos had a criminal record and has been involved in arms sales, both of which Tsakos denies.

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